

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES  
NO


**Check each applicable box below.** (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature	Printed Name		License Number	



# **Saline Area Fire Department**

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**Financial Report  
with Supplemental Information  
June 30, 2007**

# Saline Area Fire Department

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## Independent Auditor's Report

To the Executive Board  
Saline Area Fire Department

We have audited the accompanying financial statements of the governmental activities and each major fund of Saline Area Fire Department as of and for the year ended June 30, 2007, which collectively comprise Saline Area Fire Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Saline Area Fire Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Saline Area Fire Department as of June 30, 2007 and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, identified in the table of contents, and the budgetary comparison schedule - General Fund are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Saline Area Fire Department's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. We did not audit the information and express no opinion on it.

*Plante & Moran, PLLC*

August 23, 2007

# Saline Area Fire Department

## Management's Discussion and Analysis

Our discussion and analysis of Saline Area Fire Department's (the "Fire Department") financial performance provides an overview of the Fire Department's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the Fire Department's financial statements.

### The Fire Department as a Whole

The following table shows, in condensed format, the net assets of the Fire Department (in thousands of dollars):

TABLE I

	Governmental Activities	
	2007	2006
<b>Assets</b>		
Current assets	\$ 412	\$ 530
Noncurrent assets	<u>1,228</u>	<u>1,308</u>
Total assets	1,640	1,838
<b>Liabilities</b>		
Current liabilities	157	341
Long-term liabilities	<u>61</u>	<u>82</u>
Total liabilities	<u>218</u>	<u>423</u>
<b>Net Assets</b>		
Invested in capital assets - Net of related debt	1,188	1,228
Restricted	40	80
Unrestricted	<u>194</u>	<u>107</u>
Total net assets	<u><u>\$ 1,422</u></u>	<u><u>\$ 1,415</u></u>

# Saline Area Fire Department

## Management's Discussion and Analysis (Continued)

The following table shows the Fire Department's changes in net assets (in thousands of dollars):

	Governmental Activities	
	2007	2006
<b>Revenue</b>		
Operations	\$ 718	\$ 715
Fire runs	24	27
Capital improvements	75	75
Interest income and other	10	9
Total revenue	827	826
<b>Expenditures</b>		
Salaries, wages, and fringe benefits	494	477
Repairs, maintenance, and improvements	28	28
Depreciation	85	85
Other program expenses	214	213
Total expenditures	821	803
<b>Change in Net Assets</b>	<b>\$ 6</b>	<b>\$ 23</b>

The Fire Department's combined net assets increased from last year due to monitoring and controlling expenditures from the prior year.

### Governmental Activities

The Fire Department's total governmental revenues remained approximately the same as last year.

Even though various operating expenses, including salaries, wages, and fringe benefits, increased throughout the year, the Fire Department was able to stay within its budgetary constraints.

# **Saline Area Fire Department**

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## **Management's Discussion and Analysis (Continued)**

### **General Fund Budgetary Highlights**

Over the course of the year, the Fire Department stayed below budget due to continued monitoring of its manpower and operating costs, making sure to stay within its budget limitations.

### **Capital Asset and Debt Administration**

During the year, funds were received from the participating communities for capital purchases totaling approximately \$75,000. At the end of the year, the Fire Department had approximately \$400,000 in cash with a principal balance of \$40,000 remaining on the loan obtained in fiscal year 2002/2003 for the construction of a new fire engine.

### **Economic Factors and Next Year's Budgets and Rates**

The Fire Department's budget for next year calls for only minor changes. As always, the Fire Department will work hard to maintain a budget that is fair for all participating entities.

### **Contacting the Fire Department's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Fire Department's finances and to show the Fire Department's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Fire Department's office.

# Saline Area Fire Department

## Statement of Net Assets/Balance Sheet June 30, 2007

	Modified Accrual Basis			Adjustments (Note 7)	Statement of Net Assets
	General Fund	Capital Projects Fund	Total		
<b>Assets</b>					
Cash and cash equivalents (Note 3)	\$ 260,130	\$ 99,448	\$ 359,578	\$ -	\$ 359,578
Other assets	12,499	-	12,499	-	12,499
Restricted assets for loan repayment (Note 3)	-	40,000	40,000	-	40,000
Capital assets - Net (Note 4)	-	-	-	1,228,405	1,228,405
<b>Total assets</b>	<b>\$ 272,629</b>	<b>\$ 139,448</b>	<b>\$ 412,077</b>	1,228,405	1,640,482
<b>Liabilities</b>					
Accounts payable	\$ 85,919	\$ -	\$ 85,919	-	85,919
Due to other governmental units	14,920	-	14,920	-	14,920
Noncurrent liabilities:					
Due within one year (Note 5)	-	-	-	57,000	57,000
Due in more than one year (Note 5)	-	-	-	60,902	60,902
<b>Total liabilities</b>	100,839	-	100,839	117,902	218,741
<b>Fund Equity - Fund balance</b>					
Reserved for loan repayment	-	40,000	40,000	(40,000)	-
Unreserved and undesignated	171,790	99,448	271,238	(271,238)	-
<b>Total fund equity</b>	171,790	139,448	311,238		
<b>Total liabilities and fund equity</b>	<b>\$ 272,629</b>	<b>\$ 139,448</b>	<b>\$ 412,077</b>		
<b>Net Assets</b>					
Invested in capital assets - Net of related debt				1,188,405	1,188,405
Restricted for loan repayment				40,000	40,000
Unrestricted				193,336	193,336
<b>Total net assets</b>				<b>\$ -</b>	<b>\$ 1,421,741</b>



# Saline Area Fire Department

## Statement of Activities/Statement of Revenue, Expenditures, and Changes in Fund Balance Year Ended June 30, 2007

	Modified Accrual			Adjustments	Statement of
	General	Capital Projects	Total	(Note 7)	Activities
<b>Revenue</b>					
City of Saline:					
Operations	\$ 278,185	\$ -	\$ 278,185	\$ -	\$ 278,185
Fire runs	9,040	-	9,040	-	9,040
Capital improvements	-	29,048	29,048	-	29,048
Township:					
Operations:					
Lodi Township	225,321	-	225,321	-	225,321
Saline Township	78,794	-	78,794	-	78,794
York Township	135,968	-	135,968	-	135,968
Fire runs:					
Lodi Township	8,064	-	8,064	-	8,064
Saline Township	4,544	-	4,544	-	4,544
York Township	2,416	-	2,416	-	2,416
Capital improvements:					
Lodi Township	-	23,528	23,528	-	23,528
Saline Township	-	8,226	8,226	-	8,226
York Township	-	14,198	14,198	-	14,198
Interest income and other	4,498	5,413	9,911	-	9,911
Total revenue	746,830	80,413	827,243	-	827,243
<b>Expenditures</b>					
Salaries and wages	361,965	-	361,965	11,660	373,625
Fringe benefits	120,677	-	120,677	-	120,677
Supplies and other	25,368	-	25,368	-	25,368
Professional services	14,384	-	14,384	-	14,384
Communications	5,059	-	5,059	-	5,059
Transportation	6,102	-	6,102	-	6,102
Insurance and bonds	44,181	-	44,181	-	44,181
Utilities	12,969	-	12,969	-	12,969
Repairs, maintenance, and improvements:					
Fire hall	6,058	-	6,058	-	6,058
Equipment	19,803	-	19,803	-	19,803
Computer software maintenance	1,892	-	1,892	-	1,892
Schooling	12,605	-	12,605	-	12,605
Administration	77,317	-	77,317	-	77,317
Equipment purchases	-	5,506	5,506	(5,506)	-
Printing and publishing	1,556	-	1,556	-	1,556
Community promotion	1,215	-	1,215	-	1,215
Fuel	7,427	-	7,427	-	7,427
Dues plus subscriptions	2,829	-	2,829	-	2,829
Debt service	-	42,522	42,522	(40,000)	2,522
Depreciation	-	-	-	85,347	85,347
Total expenditures	721,407	48,028	769,435	51,501	820,936
<b>Net Change in Fund Balances/Net Assets</b>	25,423	32,385	57,808	(51,501)	6,307
<b>Fund Balances/Net Assets - Beginning of year</b>	146,367	107,063	253,430	1,162,004	1,415,434
<b>Fund Balances/Net Assets - End of year</b>	<u>\$ 171,790</u>	<u>\$ 139,448</u>	<u>\$ 311,238</u>	<u>\$ 1,110,503</u>	<u>\$ 1,421,741</u>

The Notes to Financial Statements are an  
Integral Part of This Statement.

# Saline Area Fire Department

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## Notes to Financial Statements June 30, 2007

### **Note I - Summary of Significant Accounting Policies**

The accounting policies of Saline Area Fire Department (the "Fire Department") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies:

#### **Reporting Entity**

The Saline Area Fire Department is a governmental joint venture created by a contractual agreement between the City of Saline, Lodi Township, Saline Township, and York Township. Saline Area Fire Department is governed by an eight-member board whose directors are selected and approved by the respective city and township boards. In accordance with accounting principles generally accepted in the United States of America, there are no component units to be included in these financial statements.

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets/balance sheet and the statement of activities/statement of revenue, expenditures, and changes in fund balance) report information on all of the activities of Saline Area Fire Department. The effects of interfund activity have been removed from these statements.

The statement of activities/statement of revenue, expenditures, and change in fund balance demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

# Saline Area Fire Department

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## Notes to Financial Statements June 30, 2007

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period. Therefore, interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Fire Department's policy is to first apply restricted resources.

Saline Area Fire Department reports its General Fund as its major governmental fund. The General Fund is the Fire Department's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in the Capital Projects Fund.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Fire Department has elected not to follow private sector standards issued after November 30, 1989.

# Saline Area Fire Department

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## Notes to Financial Statements June 30, 2007

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### Assets, Liabilities, and Net Assets or Equity

**Cash and Cash Equivalents** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Capital Assets** - Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years, or as specified by management. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	50 years
Vehicles and equipment	5 to 20 years

**Deferred Revenue** - Deferred revenue represents fees received by the Fire Department for operations pertaining to the subsequent fiscal year. Revenue is recognized in the fiscal year it is earned.

**Compensated Absences (Vacation and Sick Leave)** - It is the Fire Department's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

**Long-term Obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

# Saline Area Fire Department

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## Notes to Financial Statements June 30, 2007

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

### **Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary Information** - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The annual budget is prepared and adopted by the Saline Area Fire Department executive board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2007 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

The budget has been adopted on the basis of total revenue and expenditures; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual operations to the budgets adopted by the board is included in the budget statement shown in required supplemental information. The additional line item detail provided is for management analysis only. This comparison includes no significant expenditure budget overruns.

### **Note 3 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

# Saline Area Fire Department

## Notes to Financial Statements June 30, 2007

### Note 3 - Deposits and Investments (Continued)

The Fire Department has designated one bank for the deposit of its funds. The investment policy adopted by the Fire Department in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The deposits and investment policies are in accordance with statutory authority.

The Fire Department had no investments during the year ended June 30, 2007.

The Fire Department's cash deposits are subject to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Fire Department's deposits may not be returned to it. The Fire Department does not have a deposit policy for custodial credit risk. At year end, the Fire Department had approximately \$342,000 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Fire Department believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Fire Department evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

At year end, the deposits were reported in the basic financial statements in the following categories:

Cash and cash equivalents	\$ 359,578
Restricted assets	<u>40,000</u>
Total	<u>\$ 399,578</u>

Saline Area Fire Department's cash and cash equivalents at June 30, 2007 are composed entirely of deposits with banking institutions.

# Saline Area Fire Department

## Notes to Financial Statements June 30, 2007

### Note 4 - Capital Assets

Capital asset activity was as follows:

	Balance July 1, 2006	Additions	Balance June 30, 2007
Capital assets not being depreciated - Land	\$ 41,839	\$ -	\$ 41,839
Capital assets being depreciated:			
Buildings and improvements	399,741	-	399,741
Vehicles and equipment	1,470,029	5,506	1,475,535
Subtotal	1,869,770	5,506	1,875,276
Accumulated depreciation:			
Buildings and improvements	158,727	7,995	166,722
Vehicles and equipment	444,636	77,352	521,988
Subtotal	603,363	85,347	688,710
Net capital assets being depreciated	1,266,407	(79,841)	1,186,566
Net capital assets	<u>\$ 1,308,246</u>	<u>\$ (79,841)</u>	<u>\$ 1,228,405</u>

### Note 5 - Long-term Debt

Long-term obligation activity can be summarized as follows:

	Annual Interest Rate	Annual Principal Maturity	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Installment purchase agreement	3.135%	\$ 40,000	\$ 80,000	\$ -	\$ 40,000	\$ 40,000	\$ 40,000
Compensated absences			66,242	27,810	16,150	77,902	17,000
Total obligations			<u>\$ 146,242</u>	<u>\$ 27,810</u>	<u>\$ 56,150</u>	<u>\$ 117,902</u>	<u>\$ 57,000</u>

# Saline Area Fire Department

## Notes to Financial Statements June 30, 2007

### Note 5 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above installment purchase obligation are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	<u>\$ 40,000</u>	<u>\$ 1,274</u>	<u>\$ 41,274</u>

### Note 6 - Risk Management

The Fire Department is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). Medical benefits are not provided to employees of the Fire Department. The Fire Department has purchased commercial insurance for employee accident and injury claims and participates in the Michigan Townships Participating Plan for claims related to property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

### Note 7 - Description of Adjustments from the Modified Accrual to the Full Accrual Basis

The reconciliation of the governmental funds balance sheet to the statement of net assets is as follows:

<b>Fund Balances - Total Governmental Funds</b>	<b>\$ 311,238</b>
Amounts reported under the full accrual method in the statement of net assets are different because:	
Capital assets are not financial resources and are not reported in the funds	1,228,405
Long-term liabilities are not due and payable in the current period and are not reported in the funds	<u>(117,902)</u>
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 1,421,741</u></b>



# Saline Area Fire Department

## Notes to Financial Statements June 30, 2007

### Note 7 - Description of Adjustments from the Modified Accrual to the Full Accrual Basis (Continued)

The reconciliation of the statement of revenue, expenditures, and changes in fund balance to the statement of activities is as follows:

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 57,808</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	5,506
Depreciation	(85,347)
Repayment of installment purchase agreement is an expenditure in the governmental funds, but not in the statement of activities (where it decreases long-term debt)	
	40,000
Increase in accumulated employee sick and vacation is recorded when earned in the statement of activities	
	<u>(11,660)</u>
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 6,307</u></b>

### Note 8 - Allocation of Net Assets between Member Communities

The allocation of the net assets as of June 30, 2007 is as follows:

City of Saline	\$ 550,640
Lodi Township	446,000
Saline Township	155,965
York Township	<u>269,136</u>
Total net assets	<b><u>\$ 1,421,741</u></b>

# **Saline Area Fire Department**

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## **Notes to Financial Statements June 30, 2007**

### **Note 9 - Defined Contribution Pension Plan**

The Fire Department provides pension benefits to the employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the board, the Fire Department contributes 4 percent of the employees' gross earnings and the employees are not required to contribute to the plan, but they are allowed to contribute if they choose. In accordance with these requirements, the Fire Department contributed \$11,145 and employees voluntarily contributed \$22,265 during the current year.

## **Required Supplemental Information**

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# Saline Area Fire Department

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2007

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
<b>Revenue</b>				
City of Saline:				
Operations	\$ 263,338	\$ 263,338	\$ 278,185	\$ 14,847
Fire runs	24,168	24,168	9,040	(15,128)
Townships:				
Operations:				
Lodi Township	213,295	213,295	225,321	12,026
Saline Township	74,588	74,588	78,794	4,206
York Township	128,711	128,711	135,968	7,257
Fire runs:				
Lodi Township	19,575	19,575	8,064	(11,511)
Saline Township	6,845	6,845	4,544	(2,301)
York Township	11,812	11,812	2,416	(9,396)
Interest income and other	-	-	4,498	4,498
Total revenue	742,332	742,332	746,830	4,498
<b>Expenditures</b>				
Salaries and wages	367,438	367,438	361,965	5,473
Fringe benefits	157,013	122,213	120,677	1,536
Supplies	23,200	27,300	25,368	1,932
Professional services	9,000	17,900	14,384	3,516
Communications	4,000	5,500	5,059	441
Transportation	6,200	6,200	6,102	98
Insurance and bonds	50,000	45,000	44,181	819
Utilities	9,500	14,000	12,969	1,031
Repairs, maintenance, and improvements:				
Fire hall	3,500	6,500	6,058	442
Equipment	16,000	21,000	19,803	1,197
Computer software maintenance	1,200	2,200	1,892	308
Schooling	8,000	14,000	12,605	1,395
Administration	77,881	77,881	77,317	564
Printing and publishing	1,000	1,500	1,556	(56)
Community promotion	1,000	1,500	1,215	285
Contingencies	107,157	146,367	-	146,367
Fuel	5,500	9,000	7,427	1,573
Dues plus subscriptions	1,900	3,200	2,829	371
Total expenditures	849,489	888,699	721,407	167,292
<b>Net Change in Fund Balance/Net Assets</b>	(107,157)	(146,367)	25,423	<b>\$ 171,790</b>
<b>Fund Balance/Net Assets - Beginning of year</b>	146,367	146,367	146,367	
<b>Fund Balance/Net Assets - End of year</b>	<b>\$ 39,210</b>	<b>\$ -</b>	<b>\$ 171,790</b>	

The Saline Area Fire Department board has adopted the budget on the basis of total revenue and expenditures. The budget shown above is in greater detail than adopted and is shown for management analysis only.

## **Other Supplemental Information**

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# Saline Area Fire Department

## Other Supplemental Information Budgetary Comparison Schedule - Capital Projects Fund Year Ended June 30, 2007

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
<b>Revenue</b>				
City of Saline - Capital improvements	\$ 29,048	\$ 29,048	\$ 29,048	\$ -
Townships - Capital improvements:				
Lodi Township	23,528	23,528	23,528	-
Saline Township	8,226	8,226	8,226	-
York Township	14,198	14,198	14,198	-
Interest income and other	<u>1,200</u>	<u>4,500</u>	<u>5,413</u>	<u>913</u>
Total revenue	76,200	79,500	80,413	913
<b>Expenditures</b>				
Debt service	43,000	43,000	42,522	478
Equipment purchases	<u>10,000</u>	<u>5,506</u>	<u>5,506</u>	<u>-</u>
Total expenditures	<u>53,000</u>	<u>48,506</u>	<u>48,028</u>	<u>478</u>
<b>Net Change in Fund Balance/Net Assets</b>	23,200	30,994	32,385	<u><u>\$ 1,391</u></u>
<b>Fund Balance/Net Assets - Beginning of year</b>	<u>107,063</u>	<u>107,063</u>	<u>107,063</u>	
<b>Fund Balance/Net Assets - End of year</b>	<u><u>\$ 130,263</u></u>	<u><u>\$ 138,057</u></u>	<u><u>\$ 139,448</u></u>	

The Saline Area Fire Department board has adopted the budget on the basis of total revenue and expenditures. The budget shown above is in greater detail than adopted and is shown for management analysis only.